MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018 / 2019

BGM 2054 GLOBAL MANAGEMENT

(All Sections / Groups)

1 JUNE 2019
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

This examination paper consists of **FIVE (5)** pages in **TWO (2)** Sections:

1. **Section A** – 20 Multiple choice questions (40 marks)
   Instruction: Answer **ALL** questions. Shade your answers in the OMR answer sheet provided using a '**2B**' or '**BB**' pencil.

2. **Section B** – 3 Essay questions (60 marks) – All questions carry equal marks.
   Instruction: Answer **ALL THREE (3)** questions. Write your answers in the answer booklet provided.

SECTION A (40 Marks)
Answer ALL questions
Identify the letter of the choice that best completes the statement or answers the question.
All questions carry TWO (2) marks each.
Shade your choice of answers in the OMR answer sheet provided.

1. The rise of a new international entity called the _____ suggests that any company, regardless of age, experience, and resources, can engage in international business.
   A. global firm
   B. born global firm
   C. transnational corporation
   D. multinational corporation

2. Jeans Unlimited manufactures its clothing at facilities located in two Southeast Asian countries. The dispersal of manufacturing activities by the company indicates _____.
   A. niche marketing
   B. globalization of markets
   C. customization of products
   D. globalization of production

3. According to the opponents of globalization, which of the following occurs as a result of worker dislocation brought about by globalization?
   A. Excess of jobs in developed nations
   B. Increased labor costs for companies
   C. Lower workers' wages in developed nations
   D. Increased investment in individual education

4. In Country X, all dimensions of economic activity, including pricing and production decisions, are determined by the central government. Which term best describes Country X?
   A. Market economy
   B. Mixed economy
   C. Command economy
   D. Democratic economy

5. Which of the following is an important factor in forming successful business ventures in China?
   A. Giving high importance to written contracts
   B. Focusing on establishing tight formal contracts
   C. Establishing a trusting relationship before proceeding with business
   D. Following the strategies of western countries for establishing business relationships

Continued.....

6. Horizon Ltd. is a software company that, over the last year, incorporated social responsibility into its core operations to create value and build competitive advantage. Which layer of corporate social responsibility does Horizon Ltd. function at?
   A. Risk management
   B. Traditional philanthropy
   C. Political Corporate Social Responsibility (PCSR)
   D. Strategic Corporate Social Responsibility (SCSR)

7. The danger of trade dependency is that _____.
   A. it often leads to the exploitation of developed countries
   B. political turmoil in a country might affect all dependent countries
   C. the countries involved in trade often get into rivalry over trade tariff issues
   D. it is difficult to end trade activities with current trade partners and find new trade partners

8. According to mercantilism, what should a country's primary goal be?
   A. Protecting citizens from unfair labor practices
   B. Encouraging imports to prevent resource depletion
   C. Promoting exports to enlarge gold and silver holdings
   D. Ensuring sufficient labor for low-wage jobs in the textile industry

9. Which of the following is an assumption made by the comparative advantage theory?
   A. Creation of trade deficits
   B. Creation of trade surpluses
   C. Maximization of production and consumption
   D. Government interference and control in trade activities

Scenario: Better Mousetrap Inc.
Better Mousetrap Inc. is a manufacturing company that sells pest control products. Recently the company launched an innovative mousetrap with a unique design that has been selling well in the U.S. market. Senior Vice President Marc Wallace, even recommended expanding sales overseas in order to increase company revenues.

10. Wallace eventually expects that domestic production of the mousetrap will cease altogether. This would happen in the _____ stage of the product life cycle.
   A. new product
   B. adapted product
   C. maturing product
   D. standardized product

Continued.....

11. Which of the following is an important goal of regional economic integration?
A. To establish a socialist government
B. To raise the living standards of people
C. To increase the selling prices of products
D. To limit the choice of products available to customers

Scenario: Moonland Union
Twenty-six nations of Moonland region, have decided to cooperate with one another to eliminate trade barriers among them and create the Moonland Union. They are not sure; however, to what extent they want to cooperate.

12. As a first stage of cooperation, the countries agree to remove all barriers to trade among themselves. Each country also maintains policies it sees fit against nonmembers. At this stage, Moonland Union can be described as a _____.
A. free trade area
B. political union
C. customs union
D. common market

13. Which of the following statements about the euro is **TRUE**?
A. It cannot be used by countries that are not members of the EU.
B. It was designed to eliminate currency as a barrier to trade in the EU.
C. It must be adopted by countries as a precondition to joining the EU.
D. It was adopted by all existing EU members when it was first initiated.

14. The Free Trade Area of the Americas (FTAA) is a trade agreement _____.
A. among the South American nations
B. between Mexico, Canada, and the U.S.
C. that includes the United States and the European Union
D. that has been proposed to create the largest free trade area on the planet

15. Global products are most commonly seen in industries where there is _____.
A. significant price competition
B. low pressure to contain costs
C. high demand for customized products
D. little convergence of buyer preference across national borders

Continued.....

Scenario: TeleToys Inc.
TeleToys Inc., a U.S.-based company, recently opened eighteen new toy stores in Brazil, acquired a women's clothing company in Canada, and closed its men's clothing line in Australia. The company has a structure that organizes its global operations into geographic regions.

16. Which of the following features is TeleToys least likely to use in order to create a perception of having unique products?
A. Low cost
B. Brand image
C. Product design
D. Reputation for quality

17. Which of the following is an advantage of a company with an international area structure?
A. Country managers have very little authority.
B. Individual responsibility and accountability is foggy.
C. When general managers become experts on the unique needs of their buyers.
D. The subsidiaries fail to develop organizational cultures suited to their locations.

18. Which of the following steps of the strategy development process for exports involves establishing relationships with potential local distributors?
A. Initiation of meetings
B. Commitment of resources
C. Identification of a potential market
D. Match market needs to the company's abilities

19. Buyback is defined as _____.
A. the exchange of goods or services for a certain amount of money
B. the export of industrial equipment in return for products produced by that equipment
C. the sale of goods or services to a country by a company that promises to make a future purchase of a specific product from that country
D. an agreement that a company will offset a hard-currency sale to a nation by making a hard-currency purchase of an unspecified product from that nation in the future

20. Which of the following is a contractual entry mode?
A. Licensing
B. Exporting
C. Joint ventures
D. Wholly owned subsidiaries

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SECTION B (60 Marks)
Answer ALL THREE (3) questions.
Write your answers in the answer booklet provided. All questions carry equal marks.

1. a. *International business competition has given rise to a new international business entity, the born global firm.*
Describe the **TWO (2)** key characteristics of a born global firm, and explain why a born global firm should comply with the national business environment?

(10 marks)

b. *A country's economic system consists of the structure and processes that it uses to allocate its resources and conduct its commercial activities.*
Describe how the **THREE (3)** main types of economic systems in use around the world allocate its resources and conduct its commercial activities.

(10 marks)
[20 marks]

2. a. *The national competitive advantage theory by Michael Porter supports and builds upon the factor proportions theory with "advanced factors."*
Explain what are these 'advanced factors" that were put forth by Porter in the national competitive advantage theory.

(10 marks)

b. *There are five levels of economic and political integration for regional trading blocs.*
Briefly explain what the **FIVE (5)** levels of economic and political integration are.

(10 marks)
[20 marks]

3. a. *A business unit can use one of three generic business-level strategies that can be applied to practically all firms in all markets worldwide for competing in its industry.*
Briefly describe these **THREE (3)** generic business-level strategies, providing an example of each.

(10 marks)

b. *Export/import financing methods are designed to reduce business risks for exporters and importers.*
What are the **FOUR (4)** major financing methods available to exporters and importers?

(10 marks)
[20 marks]

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